

**Application**       20-07-012

**Exhibit No.**       GSW-89

**Witness**       Matthew Currie

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

In the matter of the Application of the  
GOLDEN STATE WATER COMPANY  
(U133W) for an order (1) authorizing it to  
increase rates for water service by \$49,518,400  
or 14.97% in 2022; (2) authorizing it to  
increase rates by \$16,107,100 or 4.22% in  
2023, and increase rates by \$17,207,900 or  
4.31% in 2024 in accordance with the Rate  
Case Plan; and (3) adopting other related  
rulings and relief necessary to implement the  
Commission's ratemaking policies.

Application 20-07-012

Filed July 15, 2020

**EXHIBIT GSW-89  
RESPONSE TO DATA REQUEST AMX-005, QUESTION 4**

GOLDEN STATE WATER COMPANY  
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September 14, 2020

Mehboob Aslam, Public Advocates Office  
**CALIFORNIA PUBLIC UTILITIES COMMISSION**  
505 Van Ness Avenue  
San Francisco, CA 94102

Subject: Data Request AMX-005 (A.20-07-012) Liability and Health Insurance  
Response  
Due Date: September 14, 2020

Dear Mehboob Aslam,

In response to the above referenced data request number, we are pleased to submit the following responses:

**Question 4:**

Referring to pages 21 of the Prepared Testimony of Matthew Currie, it is stated regarding the health insurances that "GSWC's insurance broker for these plan estimates the average trend rate based on the Oliver Wyman National trend survey of benefits for the four years presented to be approximately 11% per year for the preferred provider and HMO options of Medical Plan and 6.5% for the two dental insurance options." Please provide the following information:

- a. Provide the copies of GSWS broker's estimates as based on the Oliver Wyman National trend survey.
- b. Explain why Oliver Wyman National trend survey was considered a suitable source. Are there any other alternative national trend surveys that were considered but not used? If so, provide copies of all national trend surveys considered but not used. If no other national surveys were considered, explain why so?
- c. Provide the copy of the Oliver Wyman National trend survey used by GSWC's broker.
- d. What is the date for the Oliver Wyman National trend survey?

**Response 4:**

- a. Attached. See PDF titled "AMX-005 Q.4a Broker Trend Projections".

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- b. Oliver Wyman is a National survey that is recognized and used by many underwriters and actuaries nationwide. Oliver Wyman was used for a more conservative approach. There are other published surveys that can also be used. We also received data from Blue Shield & National Health Expenditures (NHE). NHE provides their estimates based on data from the Centers for Medicare & Medicaid Services (CMS). Blue Shield does not publish their trend data, but did provide trend estimates via email.
  - i. Blue Shield – Not published, just sent via email, see attached titled “AMX-005 Q.4b RE Blue Shield Trend”
  - ii. NHE – See attached published Excel report titled “AMX-005 Q.4b Table 02 National Health Expenditures Amounts and Annual Percent Change”
  - iii. Segal – See attached published PDF report titled “AMX-005 Q.4b 2020 Segal trend survey”
- c. Attached. See PDF report Titled “AMX-005 Q.4c Oliver Wyman Carrier Trend Report July 2019”. Please see page 10 on the report. Please note, none of the survey vendors provide future data trend, which is why the same percentage was projected across all years. The only exception is NHE.
- d. July 2019 was the only report available at the time of request.

If you have any questions, please do not hesitate to call me at (909) 394-3600, Extension 680.

Sincerely yours,

*For* Keith Switzer  
Vice President – Regulatory Affairs

- c: Eileen Odell, Project Lead  
Victor Chan, Project Coordinator  
Shanna Foley, Attorney for Public Advocates Office  
Joseph Karp, Attorney for GSWC  
Chris Kolosov, Attorney for GSWC  
Jenny Darney-Lane, Manager of Regulatory Affairs  
Jon Pierotti, Manager of Regulatory Affairs